



2019 FEB -7 AM 11:29

OFFICE OF THE
SECRETARY

MURIEL BOWSER
MAYOR

FEB -7 2019

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

Enclosed for consideration and approval by the Council of the District of Columbia ("Council") is the "District's Opportunity to Purchase Act (DOPA) Clarification Amendment Act of 2019".

This legislation will amend the District's Opportunity to Purchase Act of 2008, Title IV-A of the Rental Housing Conversion and Sale Act of 1980, effective December 24, 2008 (D.C. Law 17-286; D.C. Official Code § 42-3404.31 et seq. (2012 Repl.)) ("DOPA") to clarify the meaning of an "affordable unit" to include a rental unit in a housing accommodation that is affordable to tenants with an income at 60% of the area median family income and to establish affordable rent restrictions after a DOPA transfer.

I urge the Council to take prompt and favorable action on the proposed legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser", written over the printed name.

Muriel Bowser

Enclosures

cc: Nyasha Smith, Secretary to the Council


Chairman Phil Mendelson
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Phil Mendelson, on behalf of the Mayor, introduced the following bill, which was referred to the Committee on _____.

To amend the Rental Housing Conversion and Sale Act of 1980 to modify the meaning of the term “affordable unit”, as it relates to the Mayor’s authority to purchase housing accommodations, to include a rental unit in a housing accommodation that is affordable to tenants with an income at 60% of the area median income and to establish affordable rent restrictions that apply after a District-opportunity-to-purchase transfer.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “District’s Opportunity to Purchase Amendment Act of 2019”.

Sec. 2. The Rental Housing Conversion and Sale Act of 1980, effective September 10, 1980 (D.C. Law 3-86; D.C. Official Code § 42-3401.01 *et seq.*), is amended as follows:

(a) Section 432(c)(2) (D.C. Official Code § 42-3404.32(c)(2)) is amended to read as follows:

“(2) For the purposes of this subsection, the term “affordable unit” means a rental unit in a housing accommodation for which the most recent monthly rent, including utilities, prior to the date the offer of sale was provided to the Mayor, is equal to or less than 30% of the annual income of a household with an income of 60% of the area median income, as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development on the date the offer of sale was provided to the Mayor, adjusted for the household size and divided by 12.”.

(b) Section 433 (D.C. Official Code § 42-3404.33) is amended as follows:

(1) Subsection (b)(1) is amended to read as follows:

“(1) After purchasing a housing accommodation, the Mayor, or an assignee of the Mayor, shall maintain affordable rents for a tenant who lived in an affordable unit, as defined in section 432(c)(2), at the housing accommodation on the date the offer of sale was provided to the Mayor, and did not vacate that unit after the housing accommodation was purchased, as follows:

“(A) For the first 12 months, the monthly rent, including utilities, shall not be greater than the monthly rent, including utilities, on the date the offer of sale was provided to the Mayor, or 30% of the tenant’s annual household income, divided by 12, on the date the offer of sale was provided to the Mayor, whichever is less; and

“(B) After the first 12 months, the monthly rent shall be subject to allowable percentage increases annually.”.

(2) Subsection (c) is amended as follows:

(A) Paragraph (1) is amended to read as follows:

“(1) Upon the initial sale of the housing accommodation to the Mayor or the Mayor’s assignee, the Mayor shall record a covenant that shall require the Mayor or the Mayor’s assignee, and every successor in interest, to maintain as rent-and-income-restricted, for as long as the property remains a housing accommodation, each unit in the housing accommodation that was an affordable unit, as defined in section 432(c)(2), and any additional units as designated by the affordability plan required by subsection (d) of this section.”

(B) Paragraph (2) is amended to read as follows:

“(2) For any rental unit that is vacant on the date the offer of sale was provided to the Mayor, or subsequently becomes vacant:

“(A) If the most recent monthly rent was equal to or less than 30% of the annual income of a household with an income of 60% of the area median income on the date the

offer of sale was provided to the Mayor, divided by 12, that unit shall become a rent-and-income-restricted unit restricted to tenants with annual household incomes equal to or less than 60% of the area median income;

“(B) If the most recent monthly rent was equal to or less than 30% of the annual income of a household with an income of 30% of the area median income on the date the offer of sale was provided to the Mayor, divided by 12, that unit shall become a rent-and-income-restricted unit restricted to tenants with annual household incomes equal to or less than 30% of the area median income; and

“(C) For the remaining units, including units for which there is no record of the most recent monthly rent, the Mayor, an assignee of the Mayor, or any successor in interest, shall set the rents in accordance with the affordability plan required by subsection (d) of this section.”.

(C) Paragraph (3) is repealed.

(3) Subsection (d) is amended to read as follows:

“(d) The Mayor, or an assignee of the Mayor, shall develop an affordability plan detailing a strategy to meet the requirements of subsection (c)(2)(A) and (B) of this section, and as practicable, increase the number of rent-and-income-restricted units in the purchased housing accommodation restricted to tenants with annual household incomes equal to or less than 60% of the area median income. The affordability plan may allow for rent-and-income restricted units to be restricted to tenants with annual household incomes above 60% of the area median income, so long as the average designated household annual income limit of all rent-and-income restricted rental units in the housing accommodation is equal to or less than 60% of the area median income as a result of the affordability plan. In accordance with subsection (c)(1) of this section, the affordability plan may not reduce the number of units affordable at 30% or 60% of area

median income below the number of such units existing in the housing accommodation on the date the offer of sale was provided to the Mayor.”.

(4) A new subsection (e) is added to read as follows:

“(e) For the purposes of this section, the term:

“(1) “most recent monthly rent” means the rent, including utilities, that was the most recent prior to the date the offer of sale was provided to the Mayor.

“(2) “rent-and-income-restricted unit” means a unit that is restricted to tenants with a designated household annual income limit and has a maximum monthly rent equal to or less than 30% of the designated household annual income limit divided by 12.

“(3) “area median income” means the annual income as set forth in the periodic calculation provided by the United States Department of Housing and Urban Development, adjusted for the household size.”.

Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

Sec. 4. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: December 21, 2018

SUBJECT: Fiscal Impact Statement – District's Opportunity to Purchase
Amendment Act of 2019

REFERENCE: Draft Bill shared with the Office of Revenue Analysis on December 17,
2018

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

Background

The bill makes¹ changes to the District's Opportunity to Purchase Act (DOPA). DOPA gives the Mayor the first opportunity to purchase certain housing accommodations before other buyers if tenants do not purchase the accommodations first through the Tenant Opportunity to Purchase Act². Eligible for purchase through DOPA are housing accommodations with 5 or more rental units where at least 25 percent of the units are affordable.

The bill raises the income threshold that defines an affordable unit. Currently, a unit is considered affordable if it is affordable to a household with 50 percent of the Area Median Income (AMI).³ The bill raises the household income defining affordability to 60 percent of AMI.

The bill also makes several changes to clarify existing law. It makes clear that:

¹ By amending the District's Opportunity to Purchase Amendment Act of 2008, effective December 24, 2008 (D.C. Law 17-286; D.C. Official Code § 42-3404.31 et seq.).

² Established by D.C. Law 3-86, codified at D.C. Official Code § 42-3404.01 et seq.

³ Affordable is defined as a unit with rent and utilities totaling no more than 30 percent of a household's income.

The Honorable Phil Mendelson

FIS: "District's Opportunity to Purchase Amendment Act of 2019," Draft Bill shared with the Office of Revenue Analysis on December 17, 2018

- 12 months after a DOPA purchase the Mayor⁴ may increase rents at a property according to applicable rent increase limits such as rent control, but cannot raise rents more than 10 percent;
- The Mayor, or her assignee, and each successor must maintain the affordability of the units; and
- DOPA is to be used, in order of priority, to 1) preserve existing affordable units; 2) increase the number of affordable units; and 3) encourage mixed income properties only within the context and constraints of the first two priorities.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. While the bill's new affordability threshold could increase the number of housing accommodations eligible for purchase through DOPA, it does not mandate any purchases, still leaving the decision up to the Mayor. The Mayor will only be able to make purchases that can be accommodated in a District budget and financial plan.

Administering DOPA with the changes made by the bill will not create any additional costs for the Department of Housing and Community Development, which manages the DOPA process.

⁴ Or her assignee or successor in interest.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



Legal Counsel Division

MEMORANDUM

TO: Alana Intrieri
Executive Director
Office of Policy and Legislative Affairs

FROM: Janet M. Robins
Deputy Attorney General
Legal Counsel Division

DATE: January 16, 2019

SUBJECT: Legal Sufficiency Review of the "District's Opportunity to Purchase
Amendment Act of 2019"
(AE-18-686)

This is to Certify that this Office has reviewed the above-referenced legislation and that we have found it to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at 724-5524.

A handwritten signature in black ink, appearing to read "Janet M. Robins", written over a horizontal line.

Janet M. Robins